

## STUDY ON PERCEPTION OF AMUL PREFERRED OUTLETS (APO) OWNERS IN ANAND AND VIDYANAGAR CITIES ABOUT THE PROFITABILITY OF APOS

M. D. GURJAR & A. K. MAKWANA

Assistant Professor, SMC College of Dairy Science, an and Agricultural University, an and Gujarat, India

### ABSTRACT

*"Amul Preferred Outlets (APOs)" are an excellent business opportunity for budding entrepreneurs. Amul has justified its undisputed leadership in foods business by creating 6000 Amul preferred outlets in a record time which exclusively sell wide range of Amul products. This has been possible due to strong brand equity and immense consumer support. We are now having ambitious plans of creating 10,000 Amul parlours by 2012. Amul Parlours are successfully operating in more than 1400 towns at high streets, residential areas, Railway Stations, Bus Stations, Educational Institutions and a whole lot of Centers of Excellence. This survey was done to find out the perception of APO owners in Anand and Vidyanagar cities about profitability of APO and to identify various problems faced by APO owners. By analysing the results it was found that that an APO Business is generally carried out by persons having educational qualification of graduation or lower. More than 80% respondents indicated APO business as Average to highly Profit making one. Majority of respondents indicated that in Liquid milk business "Leakage" was major problem. While there is no major problem related to Milk and Milk Products. The Norms for establishing an APO were normal and running an APO from rented premises did not have any major problem.*

**KEYWORDS:** Amul Preferred Outlets, APOs, Retail initiatives of Dairy Cooperatives, Amul, GCMMF Sales.

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### INTRODUCTION

The organised dairy sector of Gujarat is dominated by the dairy cooperative sector which is represented at the state level by the Gujarat Co-operative Milk Marketing Federation (GCMMF). GCMMF's sales turnover was Rs. 20,000 crores in the year 2014-15. The distribution network of GCMMF consists of 7000 distributors and more than 1 million retail outlets. "Amul Preferred Outlets (APOs)" are an excellent business opportunity for budding entrepreneurs. Amul has justified its undisputed leadership in foods business by creating 6000 Amul preferred outlets in a record time which exclusively sell wide range of Amul products. This has been possible due to strong brand equity and immense consumer support. We are now having ambitious plans of creating 10,000 Amul parlours by 2012. Amul Parlours are successfully operating in more than 1400 towns at high streets, residential areas, Railway Stations, Bus Stations, Educational Institutions and a whole lot of Centers of Excellence.

### How to Start Anamul Preferred Outlets (APO)

The general guidelines for starting the business of APO are as follows

- The criteria for selection of APOs would be

- **Visibility:** How prominent is the location of your shop?
- **Shop Area:** 100 - 300 sq. ft.
- Good Business potential
- Exclusive Amul outlet - no other products are to be sold.
- Renovation Work of the Shop to give it a standard look - would be done to meet the design and specifications at your cost. The cost of renovation of a typical shop would normally be between Rs. 60,000 to Rs. 1 lac.
- **Branding:** The cost of the signages fabrication and installation would be borne by GCMMF Ltd.
- **Equipment:** You would require the following equipment:
  - 1 or 2 deep freezers (Can be purchased through HamaraApna Deep Freezer Scheme )
  - 1 Refrigerator through HamaraApna Refrigerator Scheme
  - 1 pizza oven
  - 1 Chest Milk Cooler for Pouch Milk
- **Security Deposit:** You would be required to furnish an interest free refundable security deposit of Rs. 25,000 to us locked for one year. The entire amount would be forfeited in case the parlour closes down within the first year of operation.
- **Supplies:** The delivery of products would be done through our wholesale dealers.
- **Agreement:** An agreement bringing us together would be signed.

### GCMMF'S Retail Initiatives

The Gujarat Co-operative Milk Marketing Federation (GCMMF) has devised various distribution channels for its products and serves across the country. It has strengthened its retail distribution network by opening up of modern format stores called APO, Amul Scooping Parlours and Café Amul. The salient features of these retail initiatives are as follows

**Table 1: GCMMF's Retail Initiatives**

Sr. No.	Retail Initiative	Peculiar Characteristic
1	APO	These retail outlets exclusively stock and sell the entire range of Amul Products.
2	Scooping Parlours	It is India's longest a chain of Ice Parlours.
3	Cafe Amul	These are casual dine- in format cafes.

### Growth of APOs

The distribution network of GCMMF, as on March 2011, consist of 7000 distributors and more than 1 million retail outlets who serve the customers from dawn to dusk. Its retails distribution has around 6315 Amul exclusive parlours, 600 ice cream parlours and 170 Amul stalls at railway stations. More than 1100 vehicles operate every day for GCMMF for distribution of various ambient, chilled, frozen and fresh products. At the country level, the organised dairy sector ensures that Milk travels as far as 2,200 kilometres to deficit areas, carried by innovative rail and road milk tankers. During the period between year 2001 to year 2011 the daily milk supply by cooperatives to each 1000 urban consumers has increased

from 47.7 to 60 Kg per day. In year 2011 the number of APOs was 5350 which grew by 20% and reached 6315 In the year 2012. GCMMF aims at touching the mark of 10,000 APOs at the end of year 2013.

## OBJECTIVES

- To find out the perception of APO owners in Anand and Vidyanagar cities of Gujarat State (India) about profitability of APO.
- To identify various problems faced by APO owners.

## METHODOLOGY

As on December 2012, the total number of APOs in Anand was 43 and Vidyanagar was around 17 APOs. Hence total 60 APOs exist at present. A sample of around 30 APOs will be taken for study. A questionnaire was prepared to conduct the survey. Around 60 APOs in Anand and Vidyanagar cities were approached for getting filled the questionnaires. Around 30 APO owners filled the questionnaire. The data from questionnaire was entered in computer for analysis.

## RESULTS

The data of received questionnaires was analyzed for results and interpretation. Results have been drawn from completely filled questionnaires as under:

### Educational Qualification Wise Distribution of APO Owners

**Table 2: Educational Qualifications of APO Owners**

<b>Educational qualification</b>	<b>No. of Respondents</b>
No response	2
SSC	9
HSC	4
Graduate	13
PG	1
Below SSC	1
<b>Total</b>	<b>30</b>

Out of 30 response, it was found that majority of the respondents were found were graduates. Hence it can be said that the APO Business is generally carried out by people having educational qualification of graduation or lower.

### Salient Characteristics of APO Business in the Selected Areas

Various information related to APO business and its owners was also collected through the questionnaire. The main highlights of these information is shown in the table no. 3 below.

**Table 3: Salient Characteristics of Apo Business in the Selected Areas**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Values</b>
1	Age of APO owners (in range)	20-65 years
2	Average Number of dependents of APO owners	6
3	No. of APO owners having prior business experience	9
4	No. of APO owners having prior business experience in Dairy Business	5
5	APOs worked for (approximately)	16 hours
6	Average Number of employees per APO	2

7	Average area of APO In Anand Average area of APO In Vidyanagar	220 sq. ft. 250 sq. ft.
8	APO owners started business by taking bank loans	3
9	The average daily sales In Anand The average daily sales In Vidyanagar	Rs. 21700 Rs. 14186

### Problems of APO Related to Dealers of Liquid Milk

The distribution channel of dairy cooperatives in Gujarat state consist of two type of dealers. First type is the “Dealers for Liquid milk’ and second type belong to “Dealers for Dairy Products”. An APO which wants to stock liquid milk (pouch milk) has to place orders to “dealers for liquid milk” whereas for purchasing dairy products it has to approach “dealers for dairy products’.

An APO in its normal course of doing business deals with both the above type of dealers. The survey also focused on identifying the problems associated with both type of dealers. In table no. 4 below the problems related to Liquid milk dealers in terms of “late delivery” is shown. As can be seen from the table, majority of respondents said that Problems related to late delivery of liquid milk was “very less”.

**Table 4: Problems Related to Late Delivery**

Response	No. of Respondents
Very less	19
Less	2
Normal	3
Frequent	3
Very frequent	1
No response	2
<b>Total</b>	<b>30</b>

Further, as shown in table no. 5 the Problems related to leakage of milk pouches, most of the respondents indicated that it was very frequent problem.

**Table 5: Problems Related to Leakage**

Response	No. of Respondents
Very less	1
Less	2
Normal	7
Frequent	10
Very frequent	10
<b>Total</b>	<b>30</b>

Also, as shown in table no. 6 the majority of the respondents indicated that there were minimum other problems with liquid milk dealers.

**Table: 6Other Problems**

Response	No. of Respondents
Very less	10
Less	5

Normal	6
Frequent	0
Very frequent	3
No response	6
<b>Total</b>	<b>30</b>

### Problems of APO Related to Dealers of Milk Products

In case of Dealers of Milk Products, as it can be seen from table no. 7 that there was no major Problems related to late delivery of orders placed with them.

**Table 7: Problems Related to Late Delivery**

<b>Response</b>	<b>No. of Respondents</b>
Very less	17
Less	2
Normal	8
Frequent	3
Very frequent	0
No response	0
<b>Total</b>	<b>30</b>

Further, in respect of receiving damaged products from these dealers, the majority of respondents indicated that the problem was normal to very less, as indicated in table no. 8 below.

**Table 8: Problems Related to Damaged Product**

<b>Response</b>	<b>No. of Respondents</b>
Very less	14
Less	6
Normal	6
Frequent	1
Very frequent	3
No response	0
<b>Total</b>	<b>30</b>

Also, as shown in table no. 9, other problems with dealers of milk products were “normal” to “very less”.

**Table: 9Other Problems**

<b>Response</b>	<b>No. of Respondents</b>
Very less	11
Less	6
Normal	10
Frequent	1
Very frequent	2
No response	0
<b>Total</b>	<b>30</b>

## OTHER FINDINGS

### Norms for Establishing APO

With respect to the norms fixed by GCMMF for establishing an APO, the following responses were obtained.

**Table 10: Norms for Establishing Apo**

Sr. No.	Response	No. of Respondents
1	Very liberal	3
2	Liberal	3
3	Normal	11
4	Strict	8
5	Very strict	5
6	No response	0
7	<b>Total</b>	<b>30</b>

**Problems in Rented APO**

As shown in the table no. 11 below, there were no major problems in running an APO from a rented premise.

**Table 11: Problems in Rented Apo**

Sr. No.	Response	No. of Respondents
1	Too many	1
2	Many	3
3	Normal	2
4	Few	2
5	Very less	6
6	No response	16
7	<b>Total</b>	<b>30</b>

**Promotional Scheme Timing**

With reference to the launching of a promotional scheme and the punctuality of receiving the necessary scheme details or information, the responses of various APO owners was as shown in the table no. 12 below. As can be seen from the table the respondents had mixed opinions about it.

**Table 12: Promotional Scheme Timing**

Sr. No.	Response	No. of Respondents
1	Always delayed	10
2	Sometimes delayed	1
3	On time	3
4	Sometimes on time	2
5	Always on time	14
6	<b>Total</b>	<b>30</b>

**Carrying out Other Business Along with APO**

The conducted survey showed a mixed opinions of the respondents regarding the allowance of other business along with APO. 50% were in favour while remaining were against it.

**Table 13: Carrying Out Other Business along with Apo**

Should We Allow Other Business along with APO?	Yes	No
	15	15

### **Profitability of APO Business**

The responses with reference to the profitability of an APO business are indicated in table no. 14 below. It can be said that majority of the respondents had the opinion that an APO business is generally profitable one.

**Table 14: Profitability of APO Business**

<b>Sr. No.</b>	<b>Response</b>	<b>No. of Respondent</b>	<b>Avg. Sales</b>
1	Highly profitable	1	42000
2	Somewhat profitable	7	16700
3	Average profitable	17	16500
4	Loss making	3	3000
5	High loss making	2	16500
<b>6</b>	<b>Total</b>	<b>30</b>	

### **CONCLUSIONS**

From the above mentioned findings it can be concluded that an APO Business is generally carried out by persons having educational qualification of graduation or lower. More than 80% respondents indicated APO business as Average to highly Profit making one. Majority of respondents indicated that in Liquid milk business “Leakage” was major problem. While there is no major problem related to Milk and Milk Products. The Norms for establishing an APO were normal and running an APO from rented premises did not have any major problem.

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1. *How to Start An Amul Preferred Outlets (APO)* retrieved from <http://www.amul.com/m/amul-preferred-outlets>

